

Message Text

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51

ORIGIN TRSE-00

INFO OCT-01 ARA-16 ISO-00 EB-11 SPC-03 AID-20 NSC-07

RSC-01 CIEP-02 SS-20 STR-08 OMB-01 CEA-02 COME-00

TAR-02 L-03 H-03 CIAE-00 INR-10 NSAE-00 AGR-20 INRE-00

SSO-00 NSCE-00 /130 R

DRAFTED BY TREASURY:R.SELF:LK

APPROVED BY EB/STA:E.KEMPE

ARA:BR:J.SLATTERY

ARA/BR:L.V.PEREZ

ARA:AMB.BOWDLER

----- 017856

O R 292349Z MAR 74

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA IMMEDIATE

AMCONSUL RIO DE JANEIRO IMMEDIATE

INFO AMCONSUL SAO PAULO

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E.O. 11652: GDS

TAGS: ETRD, BR

SUBJECT: COUNTERVAILING DUTIES: FOOTWEAR

REF: STATE 62493

RIO PASS SECRETARY SHULTZ

1. BRAZILIAN EMBOFF MOURAO DELIVERED TO MARKS NEW LETTER FROM AMBASSADOR TO SECRETARY SHULTZ LATE MARCH 28 CONCERNING FOOTWEAR INVESTIGATION. TREASURY PLEASED TO NOTE THAT IN MAKING REQUEST FOR TIME EXTENSION FOR REMARKS, GOB DID NOT STATE SPECIFIC TIME PERIOD, E.G. 90 DAYS, AS CONTEMPLATED IN ORIGINAL LETTER; ALSO THAT AMBASSADOR REQUESTED TECHNICAL MEETINGS IN APRIL, ON DATE TO BE MUTUALLY AGREED UPON.

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2. IN DELIVERING LETTER, EMBOFF MADE CLEAR THAT GOB IN ALTERING ORIGINAL REQUEST FOR EXTENSION WAS EXPECTING ASSURANCE THAT TREASURY WOULD NOT TAKE FINAL ACTION ON CASE UNTIL AFTER WRITTEN COMMENTS HAD BEEN RECEIVED FROM BOTH GOB AND BRAZILIAN EXPORTERS. MARKS STRESSED THAT TREASURY FOR OBVIOUS REASONS COULD NOT BE PLACED IN POSITION OF GIVING SUCH A BLANKET OPEN-ENDED ASSURANCE. HE PROMISED, HOWEVER, THAT GOB AND EXPORTERS WOULD BE GIVEN REASONABLE OPPORTUNITY FOR WRITTEN COMMENTS. WHAT CONSTITUTES A "REASONABLE" PERIOD OF EXTENSION WOULD DEPEND ON WILLINGNESS ON GOB'S PART TO DEMONSTRATE PROGRESS IN TALKS.

3. MOURAO INDICATED THAT ONE OF PRINCIPAL DIFFICULTIES CONFRONTING GOB WAS TO HAMMER OUT COMMON POSITION IN FOOTWEAR INDUSTRY, WHICH APPARENTLY CONSISTS OF NUMEROUS SMALL MANUFACTURERS. WHILE UNCERTAIN AS TO ITS ORGANIZATION, MOURAO EXPRESSED DOUBT AS TO EXISTENCE OF ASSOCIATION THAT COULD SPEAK AUTHORITATIVELY FOR ENTIRE INDUSTRY ON THESE ISSUES. IT IS THIS FACTOR, HE SAID, WHICH HAS LED GOB TO REQUEST EXTENSION OF TIME AND LATER MEETING DATE FOR TECHNICAL TALKS.

4. MARKS AGAIN EMPHASIZED DIFFICULTIES REFERRED TO IN SECOND PARAGRAPH REFTEL. HE STATED THAT SOMEHOW BRAZILIANS WOULD HAVE TO WORK WITH FOOTWEAR INDUSTRY TO MAKE PROMPT WRITTEN SUBMISSION ASAP AFTER COMPLETION OF TECHNICAL DISCUSSIONS. MARKS INDICATED THAT HE, OF COURSE, WAS IN NO POSITION TO SUGGEST HOW THIS MIGHT BE DONE. IF IT WOULD FACILITATE MATTERS FOR GOB, MARKS SAID THERE WOULD BE NO OBJECTION FROM TREASURY'S STANDPOINT TO HAVING REPRESENTATIVES OF BRAZILIAN FOOTWEAR INDUSTRY PARTICIPATE IN TECHNICAL DISCUSSIONS.

5. INSTRUCTIONS IN FIFTH PARAGRAPH OF REFTEL ARE WITHDRAWN PENDING RECEIPT OF EMBASSY'S APPRAISAL OF SITUATION AND RECOMMENDATIONS FOR RESOLVING PROBLEMS DESCRIBED IN PARAGRAPH THREE ABOVE. RESPONSE BEING PREPARED TO AMBASSADOR'S LETTER WILL REFER TO "REASONABLE TIME" TO BE ALLOWED FOR SUBMISSION OF WRITTEN COMMENTS AFTER COMPLETION OF TECHNICAL DISCUSSIONS. PROBLEM NOW IS HOW TO LIMITED OFFICIAL USE

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NARROW DOWN TIME LIMITS WITHIN "REASONABLE TIME", PARTICULARLY IF GOB IS CONFRONTED WITH RECALCITRANT ATTITUDE IN BRAZILIAN FOOTWEAR INDUSTRY.

6. PLEASE INDICATE TO GOB THAT TREASURY PROPOSES OPENING OF TECHNICAL DISCUSSIONS ON APRIL 15 OR AS SOON AS POSSIBLE THEREAFTER.

7. EMBOFF MOURAO ALSO DELIVERED NOTE TO STATE DEPT.
CONTAINING TEXT OF LETTER TO SHULTZ, AND DISCUSSED BRIEFLY
PROBLEMS OF WORKING WITH INDUSTRY AND URGING THAT THESE
PRACTICAL PROBLEMS NOT BE MISINTERPRETED AS DELIBERATE
SLOW-DOWN TACTICS. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COUNTERVAILING DUTIES, EXPORT SUBSIDIES, SHOES, NEGOTIATIONS, MEETINGS, FOREIGN POLICY POSITION, DIPLOMATIC COMMUNICATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE064166
Document Source: CORE
Document Unique ID: 00
Drafter: R.SELF:LK
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740069-0901
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974032/aaaaabyx.tel
Line Count: 120
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 62493
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 09 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 SEP 2002 by boyleja>; APPROVED <10-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COUNTERVAILING DUTIES: FOOTWEAR
TAGS: ETRD, BR, US
To: BRASILIA RIO DE JANEIRO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005